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From the Manager

Farmers deserve decent profits

The current grain markets are the bright spot in agriculture. John reviews the cause-and-effect aspects in his column.

I wish, however, that cattle could

By
Scott Dubbelde



have stayed higher and that pork, milk and poultry prices could post some gains to offset higher input costs.

If you market a little at a time as the price ratchets and time passes, you will be a "successful marketer" 10 out of 10 years. But stay true to the course, as Bill reminds you in his article.

Farmers work hard and deserve decent profits.

It may be worthwhile to visit with your crop insurance agent. I've been told that a person can lock in good per-acre profits with the correct insurance plan. I believe that corn acres are favored, but check with your agent. It's likely worth your time spent.

The Pacific Northwest market is hot and right now there is no better railroad

SCOTT - CONTINUED ON BACK PAGE

**SEATS
AVAILABLE**
 Our Waterloo/Chicago bus coach trip still has seats available. We will be chartering two busses. Contact any office for details.

ANNUAL MEETING 7:30 p.m. Friday, March 19 at the LAKEVIEW HIGH SCHOOL in Cottonwood BELGIAN WAFFLE SUPPER ENTERTAINMENT BY THE LAKEVIEW JAZZ BAND before the Annual Meeting

WE WILL BE serving Belgian waffles with all the trimmings from 4 to 7 p.m. Bring your appetite. We'll be serving ALL YOU CAN EAT. Spouses and children welcome. We will have twice as many waffle irons as last year and everyone can wait inside! The Lakeview High School is located on the north side of Cottonwood, visible from Hwy. 23.

THE BUSINESS MEETING begins at 7:30 p.m. We'll review last year's operations of the Farmers Cooperative Elevator Co. and discuss plans for the current year. We will also be electing three directors to the board. Profiles of the director candidates are on Page three of this edition.

Stick to your risk marketing plan

Volatility seems to be the buzzword in the markets lately. The Chicago Board of Trade hasn't disappointed us.

In no uncertain terms, this is the time when emotional decisions will get in the way of risk management. There is no news to be found that cannot be construed as friendly to the market.

From acreage questions for new crop to crush margins and usage of old crop, there is little negative news out there. Just when you think it cannot be bad, the rug will disappear and the fall will be swift.

In risk management, the focus is on maintaining a disciplined plan — and sticking to it through the emotional rides.

On the average, sustained rallies in

By
Bill Doyscher
Risk
Manager



grains take four to five times longer than the corresponding drop that comes after a rally. One thing that happens during the rally is we get lulled to sleep. It takes such a long time for the market to get to prices that we didn't think we could get to in the first place that when we finally do get there we forget to stick to our guns and do what we first set out to do.

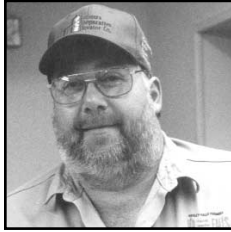
BILL - CONTINUED ON PAGE 3

In-plant protection from roots to ears

There is a new in-plant rootworm and corn borer protection now available that guards the entire corn plant from the inside out.

New YieldGardPlus protects against

By
Steve Fry
Seed Team
Leader



western and northern corn rootworms and European, southwestern and Mexican corn borers. The zone of protection goes from the roots to the ears, from the time you plant until the time you harvest.

Conventional corn is only protected where and when you apply insecticides. Smaller area. Smaller yield potential.

YieldGardPlus corn seed is offered with broad-spectrum in-the-bag insect control of wireworm, white grub, sugar cane borer, southern corn stalk borer, seed corn maggots and early flea beetle, and suppression of wireworm, earworm, fall armyworm and stalk borer.

Because the control is in the seed, YieldGardPlus protects more consistently and more effectively than any traditionally-applied insecticide. The result is roots that reach their full potential and stalks that stand tall.

YieldGardPlus protects the entire corn plant from the inside out, so you get fuller roots and healthier stalks. Together, this system maximizes the amount of moisture and nutrients that are absorbed and carried up through the plant.

With roots that can better absorb moisture and nutrients, and stalks that can better transport them to the ears, new YieldGardPlus reduces lodging and ear droppage. It protects that potential all the way to harvest.

Less insecticides. Less scouting. More time for yourself. YieldGardPlus reduces the amount of insecticide you need to handle, reduces the time it takes to plant and reduces the time spend scouting for insect damage.

Because YieldGardPlus reduces lodging, you'll be able to harvest more efficiently.

Roundup Ready corn will be avail-

Numbers drive bullish markets

The markets have been in a long-term upward mode over the past few months. The numbers have been the driving force behind this movement.

Last year's corn crop was 10.114 billion bushels. Projected plantings for 2004 corn are about 80 million acres, an increase of two million acres. At trend-line yield of 142 bushels per acre, this equates to a corn crop of 10.4 billion on 73 million projected harvested acres.

Projected usage for the coming year is 10.5 billion bushels. To put this in perspective, even with a two-million-acre increase in corn acreage with a trend-line yield average, carryout on Sept. 1, 2005, is forecast to be 800 million bushels — a drop of 100 million bushels.

Any crop problems this summer will result in an even higher market.

Soybeans continue to move higher on thoughts that old crop carryover will be very tight before harvest this year. Carryout this year is projected to be 124 million bushels, although many think that number is too high.

Crop prospects this year are for plantings to be 75.4 million acres with trend-line yield of 38 bushels per acre

By
John Brandts
Grain
Merchandiser



for a crop at 2.8 billion bushels. Projected usage is expected to be 2.85 billion bushels.

As with corn, any reduction in the soybean crop size this year will result in higher prices.

Another thing to watch this year is basis. Corn basis at 10 under and bean basis at 14 under are historically narrow basis levels.

To summarize, the grain markets are in a bullish trend and will continue to be quite volatile for the next few months. Bill has a number of programs and ideas to help manage risk in these types of markets and will be glad to assist you.

Your cooperative is again offering free price later on grain. Any grain hauled in after March 1 will be free price later until Sept. 1.

We hope you have a great year.

Meat safety, taste remain priorities

Meat safety is "No. 1" for producers, processors and retailers, but taste also ranks pretty high on the list, according to Mike McGinnis, vice-president for meat and seafood with the Safeway grocery chain.

McGinnis notes that as the supermarket meat case continues to expand with dozens of new cuts and pre-packaged, "natural," oven-ready, custom-portioned and pre-cooked products, displays of marinades, dry rubs, cooking bags and other meat-related amenities are also proliferating in the meat department.

McGinnis emphasizes "customers will continue to spend less of their limited time on meat preparations," and processors, retailers and in some cases, producers must provide consumers "solutions."

Meeting increasingly specific consumer demand is key to building supermarket market share, McGinnis said.

TV celeb marks 50th

One of TV's greatest stars is celebrating its 50th anniversary. It's the "TV Dinner," created by Swansons. It changed television watching and dinner preparations and eating habits in one fell swoop. Roasted Carved Turkey Breast is still the most popular variety and Classic Fried Chicken is a close second.

able in-season. If anyone would like Mustang corn or soybeans, these are also available.

We still have RT 1399, RC 1620, RC 1303 and RC 2192 soybeans in stock.

Feel free to contact me with any questions or seed needs.

DIRECTOR CANDIDATE PROFILES

Three positions will be up for election for the board of directors at the Annual Meeting Friday, March 19, at the Lakeview High School in Cottonwood. The business meeting begins at 7:30 p.m. The districts open are Echo, Cottonwood and Hanley Falls. The candidates, by district, are:

ECHO DISTRICT

PAUL KVISTAD



Paul farms near Echo in partnership with his father, Gayle, in a corn and soybean operation. He also has a turkey operation. Paul is a 1994 graduate of South Dakota State University with a Bachelor of Science degree in agronomy. He and his wife, Jamie, have three children: Hunter, 6; Payton, 3; and Brock, 1. He is a member of the Echo Alliance Church and enjoys outdoor sports.

TOM REMMELE



Tom farms west of Echo, operating a diversified crop program of corn, soybeans, wheat and alfalfa. In addition to the crops, he has a 50-head beef cow herd and feeds out 170 head of steers a year. Before returning to farming in 1996, he spent five years as the agricultural education instructor and FFA advisor at Groton High School in South Dakota. He is a 1991 graduate of South Dakota State University with a major in ag education and a minor in animal science. He is a member of the Echo Lions Club, the Redwood County Cattleman's Association, the Minnesota and National Cattlemen's Association and the Maine Anjou Cattle Association.

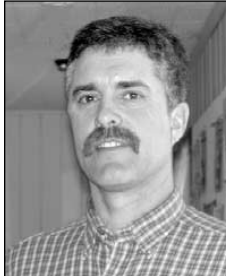
COTTONWOOD DISTRICT

DAN GREGOIRE



Dan farms eight miles north of Marshall on Hwy. 59. Besides a corn/soybean crop rotation, he has a farrow-to-finish hog operation with his brother, Kevin, and a son. Dan has been farming for 45 years. He and his wife, Marilyn, have four adult children. He is a member of the Holy Redeemer Catholic Church and the Knights of Columbus.

MARK VAN- DELANOTTE



Mark farms six miles south of Cottonwood. Besides his grain operation of corn, soybeans and alfalfa, he has a 60-head dairy herd and feeds out beef. He is a member of the Lyon-Lincoln Dairy Herd Improvement Association and an incumbent director on the Farmers Cooperative Elevator Co. board. Mark and his wife, Jane, have two daughters: Abby, 18, and Bayli, 16.

CHICKS ON ORDER

It's time to order your chicks for the 2004 season. We have Broilers, Egg Layers, Ducks, Geese, Turkeys and Pheasants. Regular delivery is every other week on Mondays, beginning March 29. Prices vary by breed. Call Lois at the Feed Mill with your pricing questions and orders.

HANLEY FALLS DISTRICT

DAN STEVENS



Dan farms three miles west of Hanley Falls. Besides a corn and soybeans operation, Dan has a hog finishing facility. He is a member of the Yellow Medicine County Soybean Growers Association and an incumbent director on the Farmers Cooperative Elevator Co. board. Dan and his wife, Sharon, have four children: Amy, 17; Christopher, 15; Joshua, 6; and Jared, 4.

BILL - CONTINUED FROM PAGE 1

Then there are two mistakes made: The first is not following the original plan. The second is riding it back down on a fast falling market to a point below the original target.

In the last month I've heard many a producer say, "Just a little more and I can fix everything that went wrong over the last five years." Each gets the same answer. From a risk management standpoint, it is exactly that kind of thinking that got them in a tough spot in the first place.

Take the emotion out of your marketing.

Make the decision to take profits, focus on marketing another year's crop and let a marketing plan help you make those decisions.

Trying to outthink the market can have disastrous consequences.

(This information is taken from sources which we believe are reliable, but is not guaranteed. This information is sent to you for informational purposes only. There is a risk of loss when trading commodity futures and options, and is not suitable for everyone.)

SCOTT - CONTINUED FROM PAGE 1

on which to be loading shuttles than the BNSF. We have had a little advantage lately due to this market and we want to pay you good prices and handle your grain. John has a good plan in place to keep things moving smoothly.

We love the Pacific Northwest market when it is competitive. We suffer when it is not.

That's why we have kept our relationship with the Granite Falls Ethanol Plant. We want to be able to offer our patrons the best of all markets possible. It looks as if the ethanol project is finally coming together. This project has tested our perseverance, but remember the adage "Anything worth anything is worth waiting for."

BUS TRIP

Our Waterloo/Chicago trip has seat still available.

All of the details are coming together nicely. We are taking two charter busses and plan to have a great time.

Contact any of our offices if you would like to join our group.

FEED SUPPLIES

We are trying to figure out how to ensure a cost effective supply of soybean meal and feedstuffs through the volatile summer.

We have an excellent management team and they will figure out the best way to take care of you, our valued patron-owners.

ANNUAL MEETING

I hope to see all of you at our Annual Meeting and Supper.

We'll be holding the meeting at Lakeview High School in Cottonwood. This new facility, located north of town, has plenty of room for everyone.

We have lined up Cal Lueck and Moose Zimmer to serve waffles from 4 to 7 p.m., with double the number of irons than last year to speed up the flow through the line. No one will have to wait outside, either.

Our board chairman and management team have good things to report to you about last year and should offer detailed insight to the future.

FARMERS COOPERATIVE - PAGE 4

Calf creep technology is working

BY THE FEED TEAM

We are in the second year of our new technology in calf creep feeding.

Accuration is a product mixed with corn that contains Intake Modifying Technology. It is a cost-effective program that limits creep intake, avoiding the fleshy-calf syndrome.

Your calves will eat 1 percent of body weight and better utilize grass. This limited intake will reduce feed

costs by as much as \$10 per calf.

For the cow-calf producer, we offer a complete line of stock cow minerals, lic-tubs, fly control products, conventional calf creeps and out new Accuration calf creep program.

Check with any of us — **Tom Staniszewski, Don Ginder and Joe Roers** — for more information on any of our livestock products.

Our feed mill passes USDA muster

Concern over food safety has risen considerably over the last two months with the outbreaks of BSE and bird flu.

In January, we had an unannounced visit from the USDA to check on bovine meat and meal at the feed mill. The Cottonwood feed mill has been bovine free since 1997. The inspection went very well for us.

It does show the seriousness of feed and food safety for all of us in this line of work.

Terrorism is the one thing that gets everyone's attention. Even the remotest possibility of diseases passing from animals to humans has increased awareness of food safety.

The bird flu outbreak is of particular concern. Bird flu brews in wild waterfowl. Minnesota is a main flyway for ducks and geese. Minnesota is also the world's leading turkey producer. The virus spreads bird to bird. It lives in manure and on crates, egg flats, vehicles, equipment, clothing and shoes.

Some countries have banned all U.S. poultry products. Others banned products from only states with outbreaks.

The bans are expected to cut into \$1.8 billion worth of U.S. poultry exports each year. About 9 percent of Minnesota's total turkey, chicken and egg production was exported in 2001,

By
Gary Ellingson
Feed
Department
Manager



with a value of \$62.9 million.

It is vital that we protect our food-safety reputation. Our industry will undergo some changes to do just this. We have made every effort to comply and go beyond any regulations that have been imposed.

It is our opinion that there will be other changes coming.

We have a flexible program that is ready for any adjustments to USDA mandates.

Our feed mill is glad to be involved with the Dedication to Quality program, under which we earned recognition in 2003 thanks to the feed mill employees and their efforts for quality control.

We sincerely believe that in the near future we all will be required to trace all feeds and medications that are used. We are ahead of that curve.

The level of mandates will be higher for all of us.

Thank you for trusting us with these responsibilities.

**Farmers Cooperative
Elevator Company**

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